

CRS Report for Congress

Jordan: Background and U.S. Relations

Updated March 6, 2008

Jeremy M. Sharp
Specialist in Middle Eastern Affairs
Foreign Affairs, Defense, and Trade Division



Prepared for Members and
Committees of Congress

Report Documentation Page			Form Approved OMB No. 0704-0188	
<p>Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.</p>				
1. REPORT DATE 06 MAR 2008	2. REPORT TYPE N/A	3. DATES COVERED -		
4. TITLE AND SUBTITLE Jordan: Background and U.S. Relations			5a. CONTRACT NUMBER	
			5b. GRANT NUMBER	
			5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)			5d. PROJECT NUMBER	
			5e. TASK NUMBER	
			5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Congressional Research Service Library of Congress 101 Independence Ave, SE Washington, DC 20540-7500			8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)			10. SPONSOR/MONITOR'S ACRONYM(S)	
			11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release, distribution unlimited				
13. SUPPLEMENTARY NOTES The original document contains color images.				
14. ABSTRACT				
15. SUBJECT TERMS				
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT SAR	18. NUMBER OF PAGES 26
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified		19a. NAME OF RESPONSIBLE PERSON

Jordan: U.S. Relations and Bilateral Issues

Summary

This report provides an overview of Jordanian politics and current issues in U.S.-Jordanian relations. It provides a brief overview of Jordan's government and economy and of its cooperation in promoting Arab-Israeli peace and other U.S. policy objectives in the Middle East. This report will be updated regularly.

Several issues in U.S.-Jordanian relations are likely to figure in decisions by Congress and the Administration on future aid to and cooperation with Jordan. These include the stability of the Jordanian regime, the role of Jordan in the Arab-Israeli peace process, Jordan's role in stabilizing Iraq, and U.S.-Jordanian military and intelligence cooperation.

Although the United States and Jordan have never been linked by a formal treaty, they have cooperated on a number of regional and international issues over the years. The country's small size and lack of major economic resources have made it dependent on aid from Western and friendly Arab sources. U.S. support, in particular, has helped Jordan deal with serious vulnerabilities, both internal and external. Jordan's geographic position, wedged between Israel, Syria, Iraq, and Saudi Arabia, has made it vulnerable to the strategic designs of its more powerful neighbors, but has also given Jordan an important role as a buffer between these potential adversaries. In 1990, Jordan's unwillingness to join the allied coalition against Iraq disrupted its relations with the United States and the Persian Gulf states; however, relations improved throughout the 1990s as Jordan played an increasing role in the Arab-Israeli peace process and distanced itself from Saddam Hussein's Iraq.

In the last decade, U.S. aid to Jordan has more than tripled, from a total of \$223 million in FY1998 to an estimated \$687.7 million in FY2008. After the September 11, 2001 terrorist attacks, aid to Jordan increased significantly. Further increases in U.S. aid to Jordan began in FY2003, in view of Jordan's support for the war against terrorism and U.S. operations in Iraq. Since FY2003, Jordan's total assistance package has averaged over \$740 million per fiscal year. This higher figure is due in part to large allocations for Jordan in subsequent supplemental appropriations acts (a total of \$1.5 billion since FY2003).

The Administration's FY2009 request to Congress is \$535.4 million for U.S. aid to Jordan. This includes \$263.5 in economic aid and \$235 million in military assistance. Jordan also is seeking additional FY2008 supplemental assistance to cope with its struggling economy and the influx of Iraqi refugees. According to Jordan's Embassy in Washington D.C., "Jordan is seeking supplemental assistance of \$500 million in 2008 to be able to assist in mitigating the impact the economic burden of the doubling of oil prices and its impact on Jordan's growth and poverty levels, the pressing costs of security and military obligations, as well as the impact of the large presence of Iraqis on the Jordanian economy."

Contents

Overview	1
Domestic Politics and the Economy	2
The Hashemite Royal Family	3
Parliament, Constitution, and Elections	3
The 1993 Election Law	4
2007 Parliamentary Elections	5
The Jordanian Muslim Brotherhood	6
The Military and Security Establishment	7
Reform	7
The Economy	8
Water Shortages	9
Current Issues in U.S.-Jordanian Relations	9
Promoting Peace in the Middle East	9
Opposition to Normalization	10
Reviving the Arab-Israeli Peace Process	10
Countering the Influence of Hamas	11
Iraq	11
Jordan's Perspective and Influence in Iraq	11
Jordan's Role in Iraqi Reconstruction	12
Al Qaeda-Inspired Terrorism and the Sunni Insurgency	13
Iraqi Refugees in Jordan	13
Terrorism	14
Allegations of Torture	16
Nuclear Program	17
U.S. Aid, Trade, and Military Cooperation	17
U.S. Foreign Assistance to Jordan	17
Economic Assistance	18
Military Assistance	18
Millennium Challenge Account	18
Trade	19
Free Trade Agreement	19
Qualifying Industrial Zones	19
Sweat Shop Allegations	20
Military Cooperation	20
Military Sales	20
Joint Exercises and Training	21
Other Activities	21

List of Figures

Figure 1. Country Map of Jordan	1
---------------------------------------	---

List of Tables

Table 1. Recent Foreign Military Sales to Jordan	20
Table 2. Annual U.S. Aid to Jordan Since the Gulf Crisis	21

Jordan: U.S. Relations and Bilateral Issues

Overview

Although the United States and Jordan have never been linked by a formal treaty, they have cooperated on a number of regional and international issues over the years. The country's small size and lack of major economic resources have made it dependent on aid from Western and friendly Arab sources. U.S. support, in particular, has helped Jordan deal with serious vulnerabilities, both internal and external. Jordan's geographic position, wedged between Israel, Syria, Iraq, and Saudi Arabia, has made it vulnerable to the strategic designs of its more powerful neighbors, but has also given Jordan an important role as a buffer between these potential adversaries. In 1990, Jordan's unwillingness to join the allied coalition against Iraq disrupted its relations with the United States and the Persian Gulf states; however, relations improved throughout the 1990s as Jordan played an increasing role in the Arab-Israeli peace process and distanced itself from the Iraqi regime of Saddam Hussein.

Figure 1. Country Map of Jordan



Source: Adapted by CRS. (7/17/2006)

Domestic Politics and the Economy

Jordan, created by colonial powers after World War I, initially consisted of desert or semi-desert territory east of the Jordan River, inhabited largely by people of Bedouin tribal background. The establishment of the state of Israel brought large numbers of Palestinian refugees to Jordan, which subsequently annexed a small Palestinian enclave west of the Jordan River. The original “East Bank” Jordanians, though probably no longer a majority in Jordan, remain predominant in the country’s political and military establishments and form the bedrock of support for the Jordanian monarchy. Palestinians, who comprise an estimated 55% to 70% of the population, in some cases tend to regard their stay in Jordan as temporary, and others are at most lukewarm in their support for the Jordanian regime.¹

The Hashemite Royal Family

Jordan is a hereditary constitutional monarchy under the prestigious Hashemite family, which claims descent from the Prophet Muhammad. King Abdullah II has ruled the country since 1999, when he succeeded to the throne upon the death of his father, the late King Hussein, upon the latter’s death after a 47-year reign. Educated largely in Britain and the United States, King Abdullah II had earlier pursued a military career, ultimately serving as commander of Jordan’s Special Operations Forces with the rank of Major General. There is currently no designated Crown Prince; however, under Article 28 of the Jordanian constitution, the King’s 13-year-old son Prince Hussein is next in line of succession to the throne. King Abdullah II (age 45) has won approval for his energetic and hands-on style of governing; however, some Jordanians, notably Palestinians and Islamic fundamentalists, are opposed to his policies of cooperating with the United States on issues such as Iraq and the Arab-Israeli peace process. In a *Los Angeles Times* article, one former Jordanian cabinet official was quoted as saying that

Jordan in Brief	
Population (July 2007):	6,053,193 est.
Area:	89,213 sq. km. (34,445 sq. mi., slightly smaller than Indiana)
Ethnic Groups:	Arabs 98%; Circassians 1%; Armenians 1%
Religion:	Sunni Muslim 92%; Christian 6%; small Muslim sects 2% (2001 est.)
Literacy (2003):	91% (male 96%, female 86%)
GDP (2006):	\$12.5 billion; real growth 6.3%
Inflation (2006):	6.3%
Unemployment (2006):	15.4% (official estimate); ca. 30% according to some unofficial estimates
Armed Forces (2004):	personnel 100,500; tanks 952; combat aircraft 101
External Debt (2006):	\$7.3 billion
Sources:	U.S. Dept. of State; Central Bank of Jordan; other U.S. and Jordanian government departments; The Economist Intelligence Unit (London)

¹ A commentator recently estimated that 67% of the population is of Palestinian descent. Tom Pepper, “Building a Safe Haven,” *Middle East Economic Digest*, July 22-28, 2005.

“He [King Abdullah] talks about information technology and foreign investment, but he doesn’t really know his own people.”²

The king appoints a prime minister to head the government and the Council of Ministers (cabinet). Typically, Jordanian governments last about 1.5 years before they are dissolved by royal decree. This is done in order to bolster the king’s reform credentials and to dispense patronage to various elites. The king also appoints all judges and is commander of the armed forces.

Parliament, Constitution, and Elections

Jordan’s bicameral legislature is composed of an elected 110-member lower house and an appointed 55-member upper house.³ Building on his father’s legacy, King Abdullah II has supported a limited parliamentary democracy, while periodically curtailing dissent when it threatened economic reforms or normalization of relations with Israel. The Jordanian Parliament has limited power. In theory, it can override the veto authority of the king with a two-thirds majority in both the upper and lower houses. A two-thirds majority of the lower house can also dissolve the cabinet with a “no confidence” vote. However, since both houses almost always have solid pro-government majorities, such actions are rarely attempted (once in April 1963). The Jordanian Constitution enables the king to dissolve parliament and postpone lower house elections for two years.⁴ The king also can also circumvent parliament through a constitutional mechanism that allows provisional legislation to be issued by the cabinet when parliament is not sitting or has been dissolved. The king also can issue royal decrees which are not subject to parliamentary scrutiny.

Overall, political parties in Jordan are extremely weak, as the moderately fundamentalist Islamic Action Front (IAF) is the only well organized movement. Most parties represent narrow parochial interests and are composed of prominent individuals representing a particular family or tribe. There are approximately 36 small parties in Jordan, consisting of a total of only 4,100 total members.

The 1993 Election Law. Political opposition figures in Jordan routinely criticize the law governing Jordan’s election system. After Islamists made gains in the 1989 parliamentary elections, the government changed⁵ the election rules to a “one man, one vote” system that gives citizens one vote regardless of how many

² “Jordan’s King Risks Shah’s Fate, Critics Warn,” *Los Angeles Times*, October 1, 2006.

³ During the late 1970s and early 1980s, the Jordanian Parliament was suspended and legislative powers reverted to the government.

⁴ The king also is allowed to declare martial law and suspend the provisions of the constitution. See United Nations Development Program (UNDP), Programme on Governance in the Arab Region (POGAR), Historical Background of Jordan’s Constitution, available online at [<http://www.undp-pogar.org/countries/constitution.asp?cid=7>].

⁵ The 1993 law was adopted during a period when parliament was suspended. It has never received the formal approval of parliament, raising questions over its constitutional legitimacy.

parliamentary seats represent their district.⁶ When forced to choose just one representative, voters have typically chosen candidates based on familial or tribal ties and not on ideology. The IAF would like to see a mixed election system that provides for some proportional representation and allows parties to field lists of candidates. In addition, many reformers have called for changes to Jordan's electoral map, asserting that the government essentially gerrymandered districts in favor of rural-tribal areas over cities where Islamists typically have more support.⁷

2007 Parliamentary Elections. On November 20, 2007, approximately 989 candidates vied for 110 seats in the Chamber of Deputies, parliament's lower house. Pro-government candidates won an overwhelming majority while the IAF secured just 6 seats (it only fielded 22 candidates), down from 17 in the 2003 election. The official turnout rate was 54%,⁸ though the opposition believes that voter registration rolls were manipulated, ballots were stuffed, and vote buying was rampant. According to one anonymous voter, "I gave my vote in exchange for JD10 [\$14 est.]. I voted and all my sisters did and we went back home with JD40 [\$56] in total."⁹ Jordanian authorities did arrest several individuals accused of vote buying. The authorities did not allow non-governmental organizations to monitor the election.

In the months prior to the election, the IAF had announced that despite any significant changes to the electoral law, it would participate in the November election. When asked why the IAF has decided to participate after boycotting the July municipal elections,¹⁰ one spokesman remarked that "the party that boycotts loses an important forum. The Islamists want to have the important forum which parliament provides." Reportedly, the IAF decided to participate after the prime minister pledged to hold a clean election in exchange for the Islamists limiting the number of candidates they would field in the election. Other reports suggest that some prominent IAF members wanted to boycott the election.

Approximately 199 female candidates ran in November; seven won. Under a quota system, six seats are reserved for women, nine for Christians, and three for the

⁶Under Jordan's system, electoral districts return several members to parliament, but a voter may vote for only one candidate. Seats are then awarded to as many of the highest-polling individual candidates as there are seats allocated to that district.

⁷ According to one study of Jordan's election law, "It is no coincidence that under-represented urban governorates have a large population of Palestinian origin, and that over-represented largely rural governorates are considered mainstays of support for the regime. See, David M. DeBartolo, "Jordan: Attention Turns to Electoral Law," *Arab Reform Bulletin*, Published by the Carnegie Endowment for International Peace, Volume 5, Issue 3, April 2007. In Amman, each legislator represents about 95,000 people. In certain rural provinces, a legislator represents as few as 2,000 individuals.

⁸ A 51% minimum turnout is required for a legal parliamentary election in Jordan.

⁹"Disproportionate Democracy," *Al Ahram Weekly*, 22 - 28 November 2007, Issue No. 872.

¹⁰ The July municipal elections marked the first time that voters elected all municipal council members (half of whom were previously selected by the king), with the exception of the capital Amman, where all were elected and support for the IAF is particularly strong. The IAF seemed poised to participate in the election only to withdraw hours before the polls opened.

Circassian and Chechen minorities.¹¹ Only one woman, a dentist named Falak al-Jamaani, won outside the six-seat quota system. Al-Jamaani is an incumbent lawmaker who won a quota seat in the 2003 polls. Tujan Faisal, Jordan's first female member of parliament (served from 1993 to 1997), had her candidacy rejected by the government due to a 2002 military court conviction in which the government accused her of slandering Jordan's image and accusing officials of corruption. Although King Abdullah II pardoned Faisal, a vocal critic of the royal family, her previous conviction was used to justify the rejection of her candidacy. Faisal responded by saying "They do not want lawmakers who enjoy popularity and fight corruption in Jordan. They want pro-government legislators. The authorities are ready to do anything to prevent me from running in the elections."¹²

The Jordanian Muslim Brotherhood

The Jordanian Muslim Brotherhood has long been integrated into the political mainstream due to its acceptance of the legitimacy of Hashemite monarchy, although relations between the Brotherhood and the Palace have fluctuated over the years. The Brotherhood presence in Jordan dates back to the 1930s, as it has been tacitly recognized first as a charitable organization and later as a quasi-political organization, which has openly fielded candidates in parliamentary elections albeit under a different name (Islamic Action Front, IAF). The relationship between the Brotherhood and the Palace has been mutually beneficial over the years. Successive Jordanian monarchs have found that the Brotherhood has been more useful politically as an ally than as an opponent (as opposed to the Brotherhood in Egypt), as it secured Islamist support in countering Arab nationalist interference during the 1950's and 1960's and secular Palestinian nationalism in the 1970s. The Brotherhood's educational, social, and health services have grown so extensive over the years that some experts believe that the Brotherhood's budget for services rivals that of the Jordanian government.

With violence unabated in neighboring Iraq and Hamas¹³ in control of the Gaza Strip, the Jordanian authorities have grown more cautious of the Brotherhood's political and charitable activities. In June 2006, just days after the death of the terrorist mastermind Abu Mus'ab al-Zarqawi, four IAF parliamentarians were arrested after making statements praising the Al Qaeda leader. One IAF deputy reportedly remarked that Zarqawi was a "martyr" and a holy warrior. The government charged¹⁴ that such remarks were in violation of Article 150 of Jordan's Penal Code,

¹¹ In the 2003 election, not a single female candidate won outside of the quota system.

¹² "Jordan's First Woman MP Barred from Seeking Re-election," *Agence France Presse*, October 23, 2007.

¹³ Hamas had been expelled from Jordan in 1999, shortly after the ascension of King Abdullah II to the throne.

¹⁴ After the four Brotherhood parliamentarians were arrested, one was released and the remaining three stood trial before a state security court. During the trial, several journalists testified that two of the three parliamentarians called Zarqawi a martyr. At the sentencing, one member was acquitted for lack of evidence and the two others received sentences of two (continued...)

which bans all writing or speech that is “intended to, or results in, stirring up sectarian or racial tension or strife among different elements of the nation.”¹⁵ Several weeks later, the Jordanian government dissolved the administration of the Islamic Centre Charity Society, the Brotherhood’s main vehicle for dispensing social welfare to its supporters. Some estimate that the charity controls over \$1 billion in assets. The Jordanian Ministry of Social Development (MoSD) appointed a seven-member ad hoc board to run the charity.

Like other Islamist parties in the region, the Islamic Action Front, the Muslim Brotherhood’s political wing, operates in a tight political space, wedged between a government which seeks to limit its influence and a disillusioned constituency impatient for reform. In Jordan’s poorer neighborhoods, the Brotherhood uses its social services to attract support, though it must compete with the growing allure of militant Islam, emanating both from within Jordan and from neighboring Iraq. The IAF markets itself as beyond the culture of corruption found in Jordanian politics, and while this message may resonate with the average supporter, it is unclear what the party’s platform is aside from its slogan of “Islam is the solution.”

The Military and Security Establishment

Many tribal east bank Jordanians or their descendants form the backbone of Jordan’s armed forces and internal security establishment. Most observers agree that with the possible exception of Syria, Jordan faces few conventional threats from its neighbors and that the greatest threats to its security are internal and asymmetrical. In general, counter-terrorism and homeland security policies are carried out by a number of institutions, most notably the security services under direct palace control, the military, and the Interior Ministry. The General Intelligence Directorate (GID) reports directly to King Abdullah II and is responsible for both covert operations abroad and internal security. The military’s elite special forces units also are directly involved in countering threats to internal security and were reportedly used to thwart a chemical weapons plot in April 2004. The Interior Ministry controls all civilian police forces and civil defense units through a branch agency known as the Public Security Directorate (PSD).

Reform

The reform process in Jordan largely comes from the top down, as King Abdullah II has worked hard at cultivating a progressive image for both himself and the government. Nevertheless, the pace of reforms, particularly democratic reform, remains slow by Western standards; for every step forward on issues such as women’s rights, economic liberalization, and education, there are steps backward on

¹⁴ (...continued)

years and one and a half years respectively, though their sentences were reduced to 13 months shortly thereafter. The case did not draw a great deal of international attention. According to Sarah Leah Whitson, director of the Middle East and North Africa division at Human Rights Watch, “Expressing condolences to the family of a dead man, however murderous he might be, is not a crime.... And it shouldn’t be grounds for prosecution.”

¹⁵ “Jordan: Rise in Arrests Restricting Free Speech,” *Human Rights Watch*, June 17, 2006.

press freedoms and institutional reforms. Jordanian officials have been adamant in insisting that they be allowed to institute social changes at their own pace, asserting that Jordanian society has changed dramatically over the past century from a desert tribal society into a modern nation state. The Jordanian government believes that some portions of its population are suspicious of U.S. intentions in the region and that local leaders would consider some U.S. democratic reform proposals to be antithetical to Jordan's conservative Islamic and tribal social culture.

Overall, analysts have widely documented a culture of political apathy in Jordan, where citizens are angry over corruption, unemployment, and rising inflation, but are largely complacent when it comes to taking political action. According to one observer:

Most Jordanians accept this system, or at least do not actively resist or challenge it. The vital democratic principle of "the consent of the governed" has been adjusted to "the acquiescence of the governed," who do not take political governance too seriously because they appreciate what the system offers them in comparison with many other Arab countries. The system shuns severe abuses of citizen rights and human dignity - no mass graves have ever been found in Jordan, nobody disappears forever in the middle of the night. Unable to shape policy, citizens instead value stability - the opportunity to raise their children in safety, travel freely, work in any field they wish, educate themselves profusely, and be afforded a chance to improve their position in life.¹⁶

The Economy

Jordan, with few natural resources and a small industrial base, has an economy which is heavily dependent on external aid from abroad, tourism, expatriate worker remittances, and the service sector. Among the longstanding problems Jordan faces are corruption, slow economic growth, and high levels of unemployment, nominally around 15% but thought by many analysts to be in the 25%-30% range.¹⁷ Corruption, common in most developing nations, is particularly pronounced in Jordan. Use of intermediaries, referred to in Arabic as "Wasta"(connections), is widespread, and many young Jordanians have grown frustrated by the lack of social and economic mobility that corruption engenders. Each year, thousands of Jordanians go abroad in search of better jobs and opportunities.

In recent years, Jordan has experienced solid economic growth, though inflationary pressures (6.26% in 2006), budget deficits, and population growth have worked to minimize some of its benefits. The London-based Economic Intelligence Unit forecasts GDP growth to be close to 5.4% in 2007. High oil prices have impacted the Jordanian economy in different ways. On the one hand, oil booms benefit the families of Jordanians employed in oil-rich nations of the Persian Gulf, as these guest workers have more income to send back home or invest in Jordanian

¹⁶ Rami G. Khouri, "Jordan's Benign, Stable Authoritarianism," *Daily Star* (Beirut), December 12, 2007.

¹⁷ One factor that exacerbates the unemployment situation in Jordan is the social stigma attached to menial labor jobs. Referred to as the "culture of shame," Jordanian tribal traditions look down on certain types of employment such as construction. In fact, the government estimates that there are approximately 300-400 thousand foreign laborers in Jordan working as domestic laborers, bricklayers, and other tasks.

real estate. On the other hand, higher oil prices put enormous pressure on the national budget, since the government subsidizes gas and home heating oil. In 2005, the government enacted several cuts to the fuel subsidy, effectively raising the price of gas in increments ranging from 8% to 59%.¹⁸ Although in the past, deep cuts to certain subsidies have led to social unrest, there has been no such reaction from the public thus far. Nevertheless, the government is keenly aware of growing dissatisfaction from rising prices.

The situation in Iraq has had a noticeable impact on Jordan's economy. Since 2003, many observers have dubbed Jordan as the "gateway to Iraq," as thousands of contractors, businessmen, and foreign officials have used Jordan as a base for their Iraq operations. An estimated 500,000 Iraqis have moved to Jordan since 2003, infusing its economy with new investment, particularly in the real estate sector. In the capital of Amman, new construction is evident and land prices have skyrocketed.

Water Shortages. Jordan is one of the ten most water deprived countries in the world and is in constant search of new water resources. The Dead Sea, which abuts both Jordan and Israel, is losing water at an estimated three feet per year, and some scientists suggest that without significant action it will be gone by 2050. Jordan has been exploring new water development projects, including the feasibility of pumping water from the Red Sea, desalinating it, and then transferring it down to the Dead Sea. This project, referred to as the Red-Dead Canal, is being studied by the government and international lenders.

Current Issues in U.S.-Jordanian Relations

Promoting Peace in the Middle East

Finding a peaceful solution to the Israeli-Palestinian conflict is the utmost priority of the Jordanian government. Although Jordan joined other neighboring Arab states in a series of military conflicts against Israel between 1948 and 1973, the late King Hussein (ruled 1952-1999) ultimately concluded that peace with Israel was in Jordan's strategic interests due to Israel's conventional military superiority, the development of an independent Palestinian national movement that threatened both Jordanian and Israeli security, and Jordan's support for Saddam Hussein in the first Gulf War which isolated it from the West. Consequently, in 1994 Jordan and Israel signed a peace treaty¹⁹, and King Abdullah II has used his country's semi-cordial

¹⁸ Prior to the Iraq War in 2003, Jordan had received oil from Iraq at deeply reduced prices. After Iraqi oil shipments ceased during Operation Iraqi Freedom, Jordan received some oil from Saudi Arabia, Kuwait, and the United Arab Emirates (UAE) on a temporary basis at discounted rates. In the spring of 2006, Jordan stopped receiving oil discounts from its neighbors forcing it to purchase all of its oil needs (100,000 barrels per day) at international market prices.

¹⁹ Jordan and Israel signed a peace treaty on October 26, 1994. Later, the two countries exchanged ambassadors; Israel returned approximately 131 square miles of territory near the Rift Valley to Jordan; the Jordanian Parliament repealed laws banning contacts with Israel; and the two countries signed a number of bilateral agreements between 1994 and
(continued...)

official relationship with Israel to improve Jordan's standing with Western governments and international financial institutions, on which it relies heavily for external support and aid.

Nevertheless, the continuation of conflict continues to be a major obstacle to Jordan's development. The issue of Palestinian rights resonates with much of the population, as more than half of all Jordanian citizens originate from either the West Bank or the pre-1967 borders of Israel. There are an estimated 1.7 million United Nations-registered Palestinian refugees in Jordan, and, while many no longer regard their stay in Jordan as temporary, they have retained their refugee status both as a symbolic sign of support for Palestinians living under Israeli occupation and in hope of being included in any future settlement. Furthermore, for King Abdullah II and the royal Hashemite family, who are of Arab Bedouin descent and rely politically on the support of East Bank tribal families, finding a solution to the conflict is considered a matter of political survival since the government cannot afford to ignore an issue of critical importance to a majority of its citizens.

Opposition to Normalization. King Abdullah's efforts to normalize relations with Israel have faced significant resistance within Jordan, particularly among Islamic fundamentalist groups, parts of the Palestinian community, and influential trade and professional organizations (see above). Among many mainstream Jordanians, there is some disappointment that peace with Israel has not brought more tangible economic benefits to them so far. Opponents of normalization have repeatedly called on Jordanians to boycott contacts with Israel, and activists among them have compiled two "black lists" of Jordanian individuals and companies that deal with Israel. The Jordanian government has arrested organizers of these lists, but courts have upheld their right to publish them.

In March 2008, lawmakers in Jordan's lower house of parliament rejected a provision in a proposed electricity law that would allow the Jordanian government to engage in a regional electricity grid in which Israel is a participant. One member of the Islamic Action Front bloc, Suleiman Khalaf, proposed that the government refrain from cooperating with Israel in order to protest Israel's policies in the Palestinian territories.²⁰

Reviving the Arab-Israeli Peace Process. For nearly a decade, King Abdullah II has attempted to convince U.S. policy makers and Congress to become more actively involved in mediating between Israelis and Palestinians. King Abdullah II is a strong supporter of a Saudi initiative, dubbed the "Arab Peace Initiative," which calls for Israel's full withdrawal from all occupied territories and

¹⁹ (...continued)

1996 to normalize economic and cultural links. Water sharing, a recurring problem, was partially resolved in May 1997 when the two countries reached an interim arrangement under which Israel began pumping 72,000 cubic meters of water from Lake Tiberias (the Sea of Galilee) to Jordan per day (equivalent to 26.3 million cubic meters per year — a little over half the target amount envisioned in an annex to the peace treaty).

²⁰ "Lower House Rejects Electric Power Cooperation With Israel," *Jordan Times*, March 6, 2008.

the establishment of a Palestinian state in the West Bank and Gaza Strip in exchange for full normalization of relations with all Arab states in the region. In a March 2007 address to a joint session of Congress, King Abdullah II pleaded for U.S. leadership in the peace process, which he called the “core issue in the Middle East.” He suggested that the Arab Peace Initiative is a path to achieve a collective peace treaty. Jordanian officials also have repeatedly condemned Israeli settlement activities in the West Bank, especially in Jerusalem, claiming that they violate international law and heighten tensions in the region.

King Abdullah II supported the convening of the U.S.-sponsored peace conference in Annapolis, Maryland last November, and he has encouraged the United States to push for Israeli-Palestinian negotiations over core issues (status of Jerusalem, refugees, and borders). He has warned repeatedly that, without a settlement to the conflict, armed Islamist movements like Hamas and Hezbollah will grow in strength and radicalize Jordan’s own Islamist movements. According to King Abdullah II:

The process that started in Annapolis is, from our perspective, a positive development, but it also may be our last chance for peace for many, many years to come.... For us to fully realize the benefits of reform, we need to be able to exchange goods and services with our neighbors and facilitate the movement of people.... So in that respect, conflict holds everyone up, and the longer we delay conflict resolution, the more we risk greater instability down the road.²¹

Countering the Influence of Hamas.²² Since the ouster of Fatah, the Palestinian faction loyal to moderate Palestinian President Mahmoud Abbas, from the Gaza Strip, the Jordanian government has been determined to bolster Fatah forces in the West Bank and prevent Hamas²³ from consolidating power there. Reportedly, Jordan has provided training for several battalions of U.S.-screened Palestinian recruits to serve in an overhauled Palestinian Authority National Security Force.²⁴ Since the 2006 Hamas victory in Palestinian Authority legislative elections, the Jordanian government has been placed in a difficult position. Much of its citizenry sympathizes with Hamas and Jordan’s own Islamist party, the Islamic Action Front

²¹ “Jordan’s King Warns that Annapolis Conference Last Chance for Palestinians,” *Associated Press*, February 10, 2008.

²² On August 30, 1999, Jordanian security forces closed offices used by the fundamentalist Palestinian organization Hamas, which the late King Hussein had tolerated to some degree, on the grounds that the offices were registered as businesses but were conducting illegal political activity. In November 1999, authorities announced that the Hamas offices would be closed permanently.

²³ Some U.S.-Jordanian tension arose in early 2005 over restrictions imposed by the U.S. Office of the Comptroller of the Currency on the New York offices of the Jordan-based Arab Bank, which allegedly allowed diversion of funds to families of Palestinians involved in attacks against Israelis. See, Glenn R. Simpson, “U.S. Crackdown On Arab Bank Tangles Policy,” *Wall Street Journal*, February 28, 2005. Jordanian officials have stressed that in 2006, banks in Jordan are complying with U.S. regulations to ban all financial transactions with Hamas-controlled accounts.

²⁴ “Palestinian Forces Enter Jordan for Training Under U.S. Program,” *Ha’aretz*, January 24, 2008.

(IAF), reportedly maintains close ties to Hamas. The IAF has been careful to downplay these ties. According to one recent IAF statement, “Abbas is the legitimate Palestinian president and Hamas’s battle should be with the Zionist enemy, not other Palestinians, so we ask them to return to a policy of dialogue and to restore the institutions in Gaza.”²⁵ Some critics of King Abdullah II assert that the Hamas threat to Jordan is a specter used by the royal family to consolidate its rule and repress potential opposition.

Iraq

Jordan’s Perspective and Influence in Iraq. Jordan’s relations with Iraq during the Saddam Hussein era were strong. In 2003, Jordan publicly opposed military action against Iraq, but it informally and quietly provided logistical support to the U.S.-led campaign to oust Saddam Hussein. Since 2003, Jordanians have repeatedly criticized what they perceive to be the political marginalization of Iraq’s Sunni Arab population. Unlike Iraq’s other neighbors, Jordan has a limited ability to intervene in Iraq’s affairs at present, and, since 2003, Jordanian leaders have been far more concerned with Iraq’s influence on the kingdom’s own politics, trade, and internal security.

In August 2006, Jordanian diplomat Ahmed al Lozi became the first accredited Arab ambassador to serve in Iraq since the 2003 U.S. invasion. Iraq reciprocated by announcing shortly thereafter its intention to re-establish direct oil shipments to oil-deprived Jordan at preferential market prices.²⁶ Some of Iraq’s Shiite leaders view with suspicion Jordan’s former close ties to the Saddam Hussein regime and continuing strong relations with Iraq’s Sunni Arabs. Frictions between Jordan and Iraq continue over the future status of Saddam Hussein’s relatives and former Baath Party officials residing in Jordan as guests of the government.²⁷

Looking forward, Jordan would prefer the emergence of a stable Iraq under Sunni Arab control. As this scenario appears unlikely given current circumstances, Jordan seems committed both to supporting the continued presence of U.S. troops in Iraq and the fledgling Iraqi government so long as the latter makes an effort to reintegrate Sunni Arab Iraqis into the military and government and does not become a vehicle for destabilizing Iranian initiatives. Over the long term, the Jordanian

²⁵ “Egypt and Jordan quietly back Abbas, too,” *Christian Science Monitor*, June 20, 2007.

²⁶ Reportedly, Jordan will receive approximately 10,000-30,000 barrels of oil per day (roughly 10%-30% of their daily consumption) from Iraq, at a price of \$10 per barrel. This quantity would increase to 50,000 barrels at a later stage, based on the memorandum of understanding signed between the two countries. Iraq and Jordan also are discussing the construction of a pipeline from Iraq to the Jordanian port of Aqaba.

²⁷ King Abdullah II granted Saddam’s eldest daughter, Raghdad, and her sister, Rana, asylum on humanitarian grounds after the start of U.S. military operations in 2003. The Iraqi government has placed Raghdad on a list of its 41 most wanted persons and demanded that Raghdad be extradited to Iraq to stand trial. Iraqi officials have alleged that members of Saddam Hussein’s family and inner circle currently in Jordan are providing financial and media support to the insurgency in Iraq in an effort to revitalize the Baath Party in Iraq.

government has serious concerns regarding Iraq's future and the potential deleterious consequences that may arise from wider sectarian warfare within Iraq.

Under the grave scenario of a nationwide civil war that draws Iraq's neighbors into the ongoing conflict, it is extremely unlikely that the Jordanian government would provide support to Sunni militias with possible ties to Al Qaeda. On the other hand, it is plausible that Jordan, along with neighboring Saudi Arabia and other states, could provide financing and materiel support to other elements of Iraq's Sunni Arab population, including tribally-led and -organized groups or, more controversially, to Iraqis formerly associated with the military, intelligence, or security services of the Saddam Hussein regime. In the event of continuing or widened conflict in Iraq, Jordan also could move to seal its border with Iraq or establish a security zone inside western Iraq in order to insulate itself from any spillover of violence or destabilizing refugee flows.

Jordan's Role in Iraqi Reconstruction. Since mid-2003, Jordan has made modest contributions to Iraq's stability that have been widely interpreted as symbolic attempts to cooperate with U.S. rebuilding efforts and to minimize the negative consequences for Jordan of instability in Iraq. The centerpiece of Jordan's stabilization efforts remains the Jordan International Police Training Center (JIPTC) located outside of the capital city of Amman, which has prepared more than 50,000 Iraqi cadets since 2003 with the support of approximately \$100 million in annual U.S. funding. According to allied coalition officials, Jordan also has donated military and police equipment to support the new Iraqi security forces.²⁸ Jordan also operates a field hospital in Fallujah, in Anbar province.

Al Qaeda-Inspired Terrorism and the Sunni Insurgency. As violence continues unabated in Iraq, Jordan continues to be both a source of foreign fighters joining the Sunni insurgency and a target of Al Qaeda-inspired terrorist groups. The industrial town of Zarqa, several miles northeast of Amman, has been well documented as a source of Sunni militancy, as dozens of its young men have traveled to Iraq to die as suicide bombers. According to one Islamist community leader in Zarqa, "Most of the young people here in Zarqa are very religious.... And when they see the news and what is going on in the Islamic countries, they themselves feel that they have to go to fight jihad. Today, you don't need anyone to tell the young men that they should go to jihad. They themselves want to be martyrs."²⁹

Potential threats from transnational terrorism also dominates Jordan's Iraq policy agenda. Despite the killing of Jordanian terrorist mastermind Abu Musab al Zarqawi in June 2006 by U.S. and Iraqi forces (reportedly with assistance from Jordanian intelligence), the threat of Al Qaeda-affiliated or inspired terrorists using Iraq's predominately Sunni Al Anbar Province as a launching pad to destabilize Jordan remains high. On November 9, 2005, near simultaneous explosions at three Western-owned hotels in Amman killed 58 persons and seriously wounded

²⁸ Jordanian supplied equipment reportedly includes 250 Ukrainian-built BTR-94 armored personnel carriers (APCs), 100 British Spartan APCs, and U.S. M113A1 APCs, along with 2 C-130B Hercules transport aircraft and 16 UH-1H utility helicopters.

²⁹ "In Jihadist Haven, a Goal: To Kill and Die in Iraq," *New York Times*, May 4, 2007.

approximately 100 others. Al Qaeda in Iraq claimed responsibility for the attacks. In late 2006, Jordanian intelligence authorities thwarted a potential bomb attack against foreign tourists traveling through Queen Alia Airport in Amman. Several of the convicted conspirators were Iraqis, and one of the ringleaders of the plot reportedly had sought to place a bomb in a sports bag using the explosive PE-4A which is used by insurgents in Iraq.³⁰

Iraqi Refugees in Jordan. With over half of Jordan's population claiming Palestinian descent, the Hashemite Kingdom of Jordan has coped with refugee issues for decades.³¹ Nevertheless, the estimated 400,000-500,000 Iraqis living in Jordan have not been welcomed by the government and face difficult day-to-day circumstances there. For a small, relatively poor country such as Jordan, the Iraqi influx is creating profound changes in Jordan's economy and society. Inflation has soared, creating hardships for middle class Jordanians of all backgrounds. In early 2007, Jordan sealed its borders and has since tried to stop any further inflow of Iraqis into the capital Amman and its environs.

In addition to concerns over absorbing more Iraqis, the Jordanian government may be treating the steady inflow of Iraqi refugees as a national security issue. On November 9, 2005, near-simultaneous explosions at three Western-owned hotels in Amman killed 58 persons and seriously wounded approximately 100 others. Al Qaeda in Iraq claimed responsibility for the attacks. Jordanian authorities may have imposed restrictions on young Iraqi males to prevent their entering the country in response to security concerns. The Jordanian government classifies displaced Iraqis living in Jordan as "visitors" or "guests," not refugees, as Jordan does not have a domestic refugee law, nor is it a party to the 1951 UN refugees' convention.³² Iraqis who are able to deposit \$150,000 in Amman banks are granted residency almost instantly, while the vast majority of Iraqis in Jordan have become illegal aliens due to the expiration of their visitor visas.³³

Jordan's positive relationships with Western donor countries and international organizations have enabled it to receive some outside assistance for coping with its large Iraqi refugee population. The FY2007 Supplemental Appropriations Act (P.L.110-28) provided \$45 million to Jordan for assistance to Iraqi refugees and an additional \$10.3 million in economic assistance for Jordanian communities hosting large refugee populations. P.L.110-161, the FY2008 Consolidated Appropriations Act, also provided bilateral aid to Jordan to be used to address social and economic development needs, including for Iraqis seeking refuge in Jordan. In 2007, partially in response to international pressure, the Jordanian government agreed to let Iraqi

³⁰ "Militants Widen Reach as Terror Seeps Out of Iraq," *New York Times*, May 28, 2007.

³¹ There are an estimated 2.7 million U.N.-registered Palestinian refugees living in Jordan.

³² According to the UNHCR's representative in Jordan, Robert Breen, "The term 'refugee' has political implications for the government and Iraqis because of the Palestinian question.... Most Iraqis, who represent a very diverse group here, don't view themselves as refugees." See, "Uncertain Future for Jordan's 'Guests,'" *Financial Times*, March 12, 2007.

³³ Many Iraqis in Jordan lack valid residency permits or visas altogether. "Uneasy Havens Await Those Who Flee Iraq," *New York Times*, December 8, 2006.

children without residency attend public schools. Although thousands of Iraqi students were expected to enroll in Jordanian public schools, one observer noted that “the dire economic situation of Iraqi refugees is forcing many youths to leave school and seek menial jobs in order to supplement the family’s meager income.”³⁴

Terrorism

Jordan is a key partner in fighting international Islamic terrorist groups, as its main intelligence organization, the General Intelligence Directorate (GID), is considered one of the most effective organizations in the region at infiltrating Jihadist networks.³⁵ Jordanian intelligence reportedly played a role in assisting U.S. forces in killing Abu Musab al-Zarqawi, the fugitive Jordanian terrorist mastermind who headed the Al Qaeda in Iraq organization until his death in June 2006.

Jordan's cooperative relationship with the United States has made it vulnerable to terrorist attacks, particularly from organizations operating from Iraq. On November 9, 2005, near simultaneous explosions at three western-owned hotels in Amman (the Radisson, Grand Hyatt, and Days Inn) killed 58 persons and seriously wounded approximately 100 others. The terrorist organization Al Qaeda in Iraq, formerly headed by Zarqawi, claimed responsibility for the act. Many Jordanians, even some who disagree with their government's support for U.S. Middle East policies, have condemned the hotel bombings, which killed many Jordanians, and denounced Zarqawi's actions. King Abdullah II has said the attacks were aimed at ordinary Jordanians, not foreigners, noting that the hotels, though western owned, were frequented by local citizens. On November 15, 2005, Jordan's Minister of the Interior announced new security regulations designed to keep foreign militants from operating covertly in Jordan, including a requirement for Jordanians to notify authorities within 48 hours of renting an apartment or a house to foreigners. An official of the Interior Ministry also said Jordan had already begun drafting new and tougher anti-terrorism laws which are currently under debate in parliament.

Other recent terrorist activity in Jordan include the following:

- On October 28, 2002, Lawrence Foley, a U.S. diplomat assigned to the U.S. Agency for International Development (USAID) program in Jordan, was shot and killed by an unknown assailant as Foley was leaving for work. A Jordanian military court convicted and sentenced to death eight Islamic militants linked to Al Qaeda and presumably involved in the Foley murder; the court sentenced two

³⁴ “Refugees in Limbo: The Plight of Iraqis in Bordering States,” *Middle East Report*, Issue #244, Fall 2007.

³⁵ There is a long history of U.S.-Jordanian intelligence cooperation. According to *Jane's Intelligence Digest*, the GID collaborated with the U.S. Central Intelligence Agency in the early 1980s to disrupt the Abu Nidal organization and in 1999 was instrumental in foiling Al-Qaeda's 'millennium plot'. It also may have been responsible for foiling planned bombings of the US, Jordanian and British embassies in Beirut in 2001 as well as the US embassy in Amman in 2004. See, “Jordanian-US intelligence co-operation: Iraq and beyond, *Jane's Intelligence Digest*, November 9, 2007.

others to jail terms and acquitted one defendant. Six of the eight sentenced to death were tried *in absentia*, including Zarqawi, and two more were executed on March 11, 2006.

- In April 2004, Jordanian authorities reportedly uncovered a plot by a terrorist cell linked to Zarqawi which planned to launch a chemical attack in the Jordanian capital of Amman. According to press reports, in January 2004, one of the would-be perpetrators visited Iraq, where he obtained \$170,000, which Zarqawi had collected from Syrian donors to pay for the attack. The plot was reportedly foiled by Jordanian police and elite special forces units in a series of operations in Amman.
- On August 19, 2005, rockets apparently aimed at two U.S. amphibious warfare ships visiting the Jordanian port of Aqaba narrowly missed their targets, one hitting a nearby warehouse and another landing near a hospital; a third rocket struck near the airport at the neighboring Israeli port of Eilat. A Jordanian soldier was killed and another injured in the attack. There were two claims of responsibility, both from groups believed to be affiliated with bin Laden or his (now deceased) associate, Zarqawi.
- On September 4, 2006, a lone gunman opened fire on a group of Western tourists visiting the historic Roman amphitheater in downtown Amman, killing a British man and wounding six others, including a Jordanian policeman. The assailant was a 38-year old Jordanian named Nabeel Jaoura, who claimed his attack was in retaliation for the murder of his two brothers in 1982 at the hands of Israeli soldiers during the war in southern Lebanon. According to the *New York Times*, Jaoura had worked in Israel, where he was arrested two years ago for overstaying his visa. Jordanian security officials believe his incarceration may have further radicalized him.³⁶

Allegations of Torture. As media scrutiny over the CIA's alleged practice of transporting terrorism suspects to detention facilities abroad has grown in recent years, Jordan's General Intelligence Department (GID) has been accused of detaining and torturing CIA prisoners captured in other countries. According to a recent Washington Post article on the GID, "Its [GID] interrogators had a reputation for persuading tight-lipped suspects to talk, even if that meant using abusive tactics that could violate U.S. or international law."³⁷ In July 2006, the human rights group *Amnesty International* accused the Jordanian security establishment of torturing terrorist suspects on behalf of the United States government. *Amnesty International* identified 10 suspected cases of men subjected to rendition from U.S. custody to

³⁶ "Typical of a New Terror Threat: Anger of a Gunman in Jordan," *New York Times*, September 6, 2006.

³⁷ "Jordan's Spy Agency: Holding Cell for the CIA," *Washington Post*, December 1, 2007.

interrogation centers in Jordan.³⁸ A second report, released by *Human Rights Watch* in September 2006, claimed that Jordan's General Intelligence Department (GID) carries out arbitrary arrests and abuses suspects in its own detention facility. The report studied the cases of 16 men whom the GID had arrested and found that in 14 of the 16 cases, detainees were tortured or ill-treated. In response, the GID denied any wrongdoing. Finally, in a January 2007 report, Manfred Nowak, the United Nations Special Rapporteur on Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment concluded that "the practice of torture persists in Jordan because of a lack of awareness of the problem, and because of institutionalized impunity."

Nuclear Program

In a January 2007 interview with an Israeli newspaper, King Abdullah II announced his country's plans to construct a nuclear-powered reactor for peaceful purposes. Most analysts believe that Jordan, like other Arab countries, is using the specter of a looming Iranian threat to generate international support for a nuclear program which, in Jordan's case, will mainly alleviate electricity and fuel shortages needed to power new desalination plants. By 2017, the government aims to have between 20% and 30% of its annual electricity generated by nuclear power. Nonetheless, financing a nuclear program may be cost prohibitive without significant international support. In September 2007 at a nuclear energy summit in Vienna, Austria, the United States and Jordan signed a memorandum of understanding outlining potential U.S.-Jordanian cooperation on developing requirements for appropriate power reactors, fuel service arrangements, civilian training, nuclear safety, and energy technology.³⁹

U.S. Aid, Trade, and Military Cooperation

U.S. Foreign Assistance to Jordan

The United States has provided economic and military aid, respectively, to Jordan since 1951 and 1957. Total U.S. aid to Jordan through 2006 amounted to approximately \$9.5 billion. Levels of aid have fluctuated, increasing in response to threats faced by Jordan and decreasing during periods of political differences or worldwide curbs on aid funding.

In the last decade, U.S. aid to Jordan has more than tripled, from a total of \$223 million in FY1998 to an estimated \$687.7 million in FY2008. After the September 11, 2001 terrorist attacks, aid to Jordan increased significantly. Further increases in U.S. aid to Jordan began in FY2003, in view of Jordan's support for the war against terrorism and U.S. operations in Iraq. Since FY2003, Jordan's total assistance package has averaged over \$740 million per fiscal year. This higher figure is due in part to large allocations for Jordan in subsequent supplemental appropriations acts

³⁸ "Group: Jordan Tortures Suspects for U.S.," *Associated Press*, July 24, 2006.

³⁹ "U.S. Signs Accord with Jordan Backing its Nuclear Development," *Ha'aretz*, September 16, 2007.

(a total of \$1.5 billion since FY2003).⁴⁰ In addition to the preceding funds specifically earmarked for Jordan, the last four emergency supplemental bills have contained funds to reimburse Pakistan, Jordan, and other key cooperation states for logistical expenses in support of U.S. military operations.

The Administration's FY2009 request to Congress is \$535.4 million for U.S. aid to Jordan. This includes \$263.5 in economic aid and \$235 million in military assistance. Jordan also is seeking additional FY2008 supplemental assistance to cope with its struggling economy and the influx of Iraqi refugees.⁴¹ According to Jordan's Embassy in Washington D.C., "Jordan is seeking supplemental assistance of \$500 million in 2008 to be able to assist in mitigating the impact the economic burden of the doubling of oil prices and its impact on Jordan's growth and poverty levels, the pressing costs of security and military obligations, as well as the impact of the large presence of Iraqis on the Jordanian economy."

Economic Assistance. For FY2009, the Administration has requested \$263.5 million in ESF for Jordan, a figure consistent with previous funding levels. The United States provides economic aid to Jordan as both a cash transfer and for USAID programs in Jordan. The Jordanian government uses cash transfers to service its foreign debt (approximately \$7.4 billion). Approximately 45 percent of Jordan's ESF allotment each year goes toward the cash transfer. USAID programs in Jordan focus on a variety of sectors including democracy assistance, water preservation, and education. In the water sector, the bulk of U.S. economic assistance is devoted to optimizing the management of scarce water resources, as Jordan is one of the most water-deprived countries in the world. USAID is currently subsidizing several waste treatment and water distribution projects in the Jordanian cities of Amman, Aqaba, and Irbid.

Military Assistance. The FY2009 budget request includes \$235 million for the Jordanian military, close to the same amount it has received over the past several fiscal years.⁴² U.S. military assistance is primarily directed toward upgrading Jordan's air force, as recent purchases include upgrades to U.S.-made F-16 fighters, air-to-air missiles, and radar systems. FMF grants also provide financing for Jordan's purchase of U.S. Blackhawk helicopters in order to enhance Jordan's border monitoring and counter-terror capability. Jordan is currently the single largest provider of civilian

⁴⁰ The following supplemental appropriations bills have contained bilateral assistance aid to Jordan: FY2003 Emergency Supplemental Appropriations Act (\$1.1 billion in P.L. 108-11), FY2005 Supplemental Appropriations Act (\$200 million in P.L. 109-13), FY2006 Emergency Supplemental Act (\$50 million in P.L. 109-234), and the FY2007 Supplemental Appropriations Act (\$85.3 million in P.L. 110-28).

⁴¹ Although high global oil prices have spurred growth all over the Middle East, average Jordanians are struggling to cope with rising inflation and the lifting of government subsidies, a policy which had long kept inflation in check. Public fuel subsidies have caused the government to run huge deficits, leading to a recent announcement to immediately increase fuel prices, some of which will jump 76%, as Jordan phases out subsidies.

⁴² In fiscal years 2002, 2003, 2005, and 2007 Jordan received supplemental FMF grants totaling \$600 million.

police personnel and fifth largest provider of military personnel to UN peacekeeping operations worldwide.

Millennium Challenge Account. In FY2006, Jordan was listed by the Millennium Challenge Corporation (MCC) as a threshold country in the lower middle-income bracket. On September 12, 2006, the MCC's Board of Directors approved up to \$25 million in Threshold Program assistance for Jordan. Even prior to the selection, the possible choice of Jordan had come under severe criticism. Freedom House, the organization whose annual Index of Freedom is drawn upon for two of the "Ruling Justly" indicators, had urged the MCC Board to bypass countries that had low scores on political rights and civil liberties. It argued that countries like Jordan that fall below 4 out of a possible 7 on its index should be automatically disqualified. Jordan, however, did well on three of the six other indicators in this category. Several development analysts further argued that Jordan should not be selected, because the MCA is not an appropriate funding source. They assert that Jordan already is one of the largest recipients of U.S. aid, has access to private sector capital, and is not a democracy. In selecting Jordan, the MCC Board appears not to have been swayed by these arguments.

Jordan's Threshold assistance is being used to accelerate political reforms and allow Jordan to qualify for the MCC's larger Compact funding program. According to the MCC, the Jordan Threshold Program will, among other things, provide technical assistance and training to increase participation in local elections and institute programs to improve relations and collaboration among municipalities, citizens, and the private sector in 9 of Jordan's 99 municipalities. USAID is the main U.S. government agency charged with implementing the Jordan Threshold Program.

Trade

Jordan ranked 78th among U.S. trading partners in volume of trade with the United States in 2007. According to the United States Trade Commission, Jordan exported \$1.3 billion in goods and services to the United States; nearly 60% of which consisted of apparel and clothing accessories. In 2007, Jordan imports from the United States reached \$830 million, a notable increase from previous years. Principal U.S. commodities imported by Jordan consisted of aircraft parts, machinery and appliances, vehicles, and cereals. Two measures, in particular, have helped expand U.S.-Jordanian trade ties and could create more opportunities for U.S. investment in Jordan.

Free Trade Agreement. On October 24, 2000, then President Clinton and King Abdullah II witnessed the signing of a U.S.-Jordanian Free Trade Agreement, which eliminated duties and commercial barriers to bilateral trade in goods and services originating in the two countries. Earlier, in a report released on September 26, 2000, the U.S. International Trade Commission concluded that a U.S.-Jordan Free Trade Agreement would have no measurable impact on total U.S. imports or exports, U.S. production, or U.S. employment. Under the agreement, the two countries agreed to enforce existing laws concerning worker rights and environmental protection. On January 6, 2001, then-President Clinton transmitted to the 107th Congress a proposal to implement the Free Trade Agreement. On July 23, then-U.S. Trade Representative Zoellick and then-Jordanian Ambassador Marwan Muasher

exchanged letters pledging that the two sides would “make every effort” to resolve disputes without recourse to sanctions and other formal procedures. These letters were designed to allay concerns on the part of some Republican Members over the possible use of sanctions to enforce labor and environmental provisions of the treaty. President Bush signed H.R. 2603, which implemented the FTA as P.L. 107-43 on September 28, 2001, during King Abdullah’s visit to Washington following the September 11, 2001, attacks. For additional information, see CRS Report RL30652, *U.S.-Jordan Free Trade Agreement*, by Mary Jane Bolle.

Qualifying Industrial Zones. An outgrowth of the Jordanian-Israeli peace treaty was the establishment of “Qualifying Industrial Zones” (QIZs), under which goods produced with specified levels of Jordanian and Israeli input can enter the United States duty free, under the provisions of P.L. 104-234. This act amended previous legislation so as to grant the President authority to extend the U.S.-Israel free trade area to cover products from QIZs between Israel and Jordan or between Israel and Egypt. QIZs were designed both to help the Jordanian economy and to serve as a vehicle for expanding commercial ties between Jordan and Israel. Although QIZs have succeeded in boosting U.S.-Jordanian trade, there has been only a modest increase in Jordanian-Israeli trade.

Currently there are 11-13 QIZs in Jordan employing approximately 55,000 people (working 8 hour days/6 days a week), 69% of whom are foreign workers from South East Asian nations like Pakistan, India, Bangladesh, and Sri Lanka. In general, foreign laborers are generally viewed as more skilled and productive than local Jordanians. In addition, it is difficult for employers to recruit local Jordanians since workers typically live on site, and many are hesitant to separate from their families, though in some areas local Jordanians are provided with free transportation to the QIZs.

Sweat Shop Allegations. On May 3, 2006, the National Labor Committee (NLC), a New York-based human rights advocacy group, issued a 161-page report alleging sweatshop-like conditions in 28 out of 100 Qualified Industrial Zone (QIZ) plants in Jordan. Jordan’s trade minister Sharif Zu’bi subsequently acknowledged that the government had failed in some instances to enforce its own labor laws and has taken action since to close down factories in violation of the law. The NLC has recognized the government’s recent actions, though it has suggested that violations of worker rights may continue in smaller factories. Foreign companies with operations inside QIZs must provide food and housing for workers. Conditions in worker dormitories are reportedly inspected by retail garment buyers, and the Jordanian government provides medical clinics and security for the zones. For additional information, see CRS Report RS22002, *Qualifying Industrial Zones in Jordan: A Model for Promoting Peace and Stability in the Middle East?*, by Mary Jane Bolle, Alfred Prados, and Jeremy Sharp.

Military Cooperation

Military Sales. The United States is helping Jordan modernize its armed forces, which have been the traditional mainstay of the regime. The Jordanian military forces, though well trained and disciplined, are outnumbered and outgunned by each of Jordan’s neighboring forces. In recent years, Jordan has used U.S. military

assistance grants to purchase Advanced Medium Range Air-to-Air Missiles, upgrades for its fleet of F-16 fighters (approximately 70-80), and BlackHawk helicopters. The United States also delivered three Patriot anti-missile batteries to Jordan in early 2003 prior to the start of U.S. military operations in Iraq.

Table 1. Recent Foreign Military Sales to Jordan

Fiscal Year	Weapon System	\$ Value of Sale	Prime Contractor
FY2006	National Command & Control System	\$450 million	Northrop Grumman Corporation
FY2006	Black Hawk Helicopters	\$60 million	Sikorsky Co. and General Electric
FY2006	Armored Personnel Carriers	\$156 million	BAE Company

Source: Defense Security Cooperation Agency (DSCA)

Joint Exercises and Training. A U.S.-Jordanian Joint Military Commission has functioned since 1974. More than 300 Jordanian military personnel study in the United States each year. Combined training exercises by U.S. and Jordanian military units continue to take place in Jordan (dubbed “Early Victor”), at least on an annual basis and sometimes more often. The above-mentioned courses conducted by Jordan for Iraqi military personnel are reportedly being funded by the United States under a program called the New Iraqi Army Training Project.⁴³ In addition, the United States has supported the construction of the King Abdullah II Center for Special Operations Training. The Center, which has been partially financed by the United States including with \$99 million in appropriations from the FY2005 Emergency Supplemental Act (P.L. 109-13), will serve as a regional headquarters for counter-terrorism training. In 2003, Jordan built a Special Operations Command and the Anti-Terrorism Center in order to boost counter-terrorism capabilities within the military.

Other Activities. Under the provisions of Section 517 of the Foreign Assistance Act of 1961 as amended, then President Clinton designated Jordan as a major non-NATO ally of the United States, effective on November 13, 1996. According to a State Department spokesman, this status “makes Jordan eligible for priority consideration for transfer of excess defense articles, the use of already appropriated military assistance funds for procurement through commercial leases, the stockpiling of U.S. military material, and the purchase of depleted uranium munitions.”

According to U.S. and Jordanian officials, Jordan has deployed two military hospitals to Afghanistan and Iraq, respectively, and has committed almost 600 health care professionals to the two facilities. Both facilities provide critical health care to numerous patients, including civilians. The hospital in Afghanistan cares for more than 650 patients a day, having treated more than 500,000 since it was first deployed

⁴³ Riad Kahwaji, “Forging a New Iraqi Army — in Jordan,” *Defense News*, February 9, 2004, p.8.

in December 2001. The one in Iraq has treated more than four million people, and surgeons have performed 1,638 operations. Jordan also regularly contributes peacekeeping forces to United Nations missions abroad. In November 2006, a Jordanian United Nations peacekeeping patrol in the Haitian capital, Port-au-Prince, was killed while on patrol. Jordan has about 1,500 troops in the Brazilian-led U.N. force, which includes more than 8,000 soldiers and police supported by some 1,000 civilian personnel. Two other Jordanian soldiers were killed in January 2006.

Table 2. Annual U.S. Aid to Jordan Since the Gulf Crisis
(\$ in millions)

Fiscal Year (FY)	Economic Assistance				Military Assistance		Totals
	EconSpt	Food	Devel	PeaceCp	FMF	IMET	
1991	35.0 ^a	0	0	0	20.0 ^a	1.3	56.30
1992	30.0 ^b	20.0	0	0	20.0 ^b	.6	70.60
1993 ^c	5.0	30.0	0	0	9.0	.5	44.50
1994 ^d	9.0	15.0	4.0	0	9.0	.8	37.80
1995	7.2	15.0	6.7	0	7.3	1.0	37.20
1996	7.2	21.0	7.9	0	200.0 ^e	1.2	237.30
1997 ^f	112.2	2.6	4.5	1.1	30.0	1.7	152.10
1998 ^f	150.0	0	0	1.2	75.0 ^g	1.6	227.80
1999	150.0	0	0	1.4	70.0 ^g	1.6	223.00
1999 (Wye)	50.0	0	0	0	50.0	0	100.00
2000	150.0	0	0	1.7	75.0	1.6	228.30
2000 (Wye)	50.0	0	0	0	150.0	0	200.00 ^h
2001	150.0	0	0	1.7	75.0	1.7	228.40
2002	150.0	0	0	1.6	75.0	2.0	228.60
2002 (Suppl.)	100.0	0	0	0	25.0	0	125.00
2003	250.0	0	0	1.0	198.0	2.4	451.40
2003 (Suppl.)	700.0	0	0	0	406.0	0	1,106.00
2004	250.0	0	0	2.3	206.0	2.9	461.20
2004 (Suppl.)	100.0	0	0	0	0	0	100.00
2005	250.0	0	0	1.6	206.0	3.0	460.60
2005 (Suppl.)	100.0	0	0	0	100.0	0	200.00
2006	247.5	0	0	1.6	207.9	3.0	460.00
2006 (Suppl.)	50.0	0	0	0	0	0	50.00
2007	245.0	0	0	0	206.0	3.1	454.10
2007 (Suppl.)	10.3	0	0	0	45.0	0	55.30 ⁱ
2008	361.4	0	0	0	298.3	2.9	662.60
2009 Request	263.5	0	0	0	235.0	3.1	501.60

Note: These figures do not include debt relief subsidy appropriations or small amounts for de-mining assistance and counter-terrorism assistance.

a. Suspended in April 1991 under P.L. 102-27; released in early 1993.

b. Released in late July 1993.

c. Restrictions on FY1993 funds waived by Presidential Determination (PD) 93-39, Sept. 17, 1993.

d. FY1994 funds released by PD 94-11, Jan. 13, 1994, waiving restrictions under P.L. 103-87.

e. Three components: \$30 million (Administration's original request); \$70 million in additional FMF under FY1996 appropriation (P.L. 104-134) to cover balance of F-16 aircraft package; and \$100 million in special drawdown authority (P.L. 104-107).

- f. These figures include \$100 million in economic assistance under the President's Middle East Peace and Stability Fund (\$100 million in FY1997, \$116 million in FY1998).
- g. For each of these two years, FMF figure includes \$25 million in drawdown authority.
- h. Some of these funds were obligated in later years (FY2001 or FY2002).
- i. Total FY2007 supplemental aid to Jordan was \$85.3 million. The above chart does not include \$25 million in NADR funds.